

59-1150

**PIERSON TOWNSHIP**  
**MONTCALM COUNTY, MICHIGAN**  
**AUDIT REPORT**  
**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name PIERSON TOWNSHIP	County MONTCALM
Audit Date 3-31-2004	Opinion Date 7-14-2004	Date Accountant Report Submitted to State: 8-16-2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

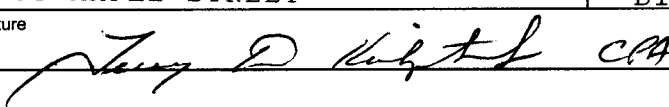
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, P.C.			
Street Address 211 MAPLE STREET	City BIG RAPIDS	State MI	ZIP 49307
Accountant Signature 		Date 8-9-04	

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**TERRY KIRKPATRICK, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

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P O BOX 817  
BIG RAPIDS, MICHIGAN 49307-0817  
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**Independent Auditor's Report**

July 14, 2004

To the Honorable Supervisor and Members of the Pierson Township  
Board, Montcalm County, Michigan:

We have audited the accompanying general purpose financial statements of Pierson Township, Montcalm County, Michigan as of and for the year ended March 31, 2004, as listed on the contents page. These general purpose financial statements are the responsibility of management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Pierson as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary financial data identified in the contents page is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Pierson, Montcalm County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Terry Kirkpatrick, CPA, P.C.*

Pierson Township – Montcalm County, Michigan  
Combined Balance Sheet – All Fund Types and Account Groups  
March 31, 2004  
With Comparative Totals at March 31, 2003

	Governmental		Fiduciary	Account	Totals	
	Fund Types	Groups	Fund Type	Groups	(Memorandum Only)	
	General	Special	Trust and	General	2004	2003
		Revenue	Agency	Fixed Assets		
<b>ASSETS</b>						
Cash in Bank	\$ 256,848	\$ 138,279	\$ 4,922	\$ 0	\$ 400,049	\$ 296,794
Certificates of Deposit	0	2,000	0	0	2,000	2,000
Due from Montcalm County	5,567	1,821	0	0	7,388	9,028
Accounts Receivable	14,815	0	0	0	14,815	14,368
Due from BWL Fund	0	483	0	0	483	0
Due from Current Tax Fund	4,724	0	0	0	4,724	3,259
Land	0	0	0	3,800	3,800	3,800
Land Improvements	0	0	0	9,147	9,147	9,147
Buildings	0	0	0	67,200	67,200	67,200
Equipment	0	0	0	49,877	49,877	49,877
Total assets	\$ 281,954	\$ 142,583	\$ 4,922	\$ 130,024	\$ 559,483	\$ 455,473
<b>LIABILITIES AND FUND EQUITY</b>						
Due to General Fund	\$ 0	\$ 0	\$ 4,724	\$ 0	\$ 4,724	\$ 3,259
Due to LWL Fund	0	483	0	0	483	0
Escrow Payable	3,064	0	0	0	3,064	0
Payroll Deductions Payable	2,209	0	0	0	2,209	3,203
Tax Overpayments Payable	0	0	198	0	198	198
Investment in General Fixed Assets	0	0	0	130,024	130,024	130,024
Fund Balance	276,681	142,100	0	0	418,781	318,789
Total liabilities and fund equity	\$ 281,954	\$ 142,583	\$ 4,922	\$ 130,024	\$ 559,483	\$ 455,473

The "Notes to Financial Statements" are an integral part of these statements.

Pierson Township – Montcalm County, Michigan  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance –  
 All Governmental Fund Types  
 For the Year Ended March 31, 2004  
 With Comparative Totals at March 31, 2003

			Totals (Memorandum Only)	
	<u>General</u>	<u>Special Revenue</u>	<u>2004</u>	<u>2003</u>
REVENUES				
Taxes	\$ 71,224	\$ 50,700	\$ 121,924	\$ 122,175
Licenses and Permits	18,478	0	18,478	22,255
State Grants	180,730	0	180,730	195,675
Charges for Services	94,766	140	94,906	79,203
Interest and Rents	2,934	1,087	4,021	2,958
Other Revenues	3,970	0	3,970	734
Total revenues	372,102	51,927	424,029	423,000
EXPENDITURES				
Legislative	34,421	0	34,421	33,337
General Government	116,546	2,967	119,513	110,777
Public Safety	63,883	0	63,883	57,114
Public Works	53,929	0	53,929	86,122
Other Functions	21,469	30,822	52,291	29,310
Total expenditures	290,248	33,789	324,037	316,660
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	81,854	18,138	99,992	106,340
FUND BALANCE - April 1	194,827	123,962	318,789	212,449
FUND BALANCE -March 31	\$ 276,681	\$ 142,100	\$ 418,781	\$ 318,789

The "Notes to Financial Statements" are an integral part of these statements.

# Pierson Township – Montcalm County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – All Annually Budgeted Governmental Fund Types  
For the Year Ended March 31, 2004

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ 70,300	\$ 71,224	\$ 924	\$ 51,750	\$ 50,700	\$ (1,050)
Licenses and Permits	11,000	18,478	7,478	0	0	0
State Grants	182,000	180,730	(1,270)	0	0	0
Charges for Services	76,300	94,766	18,466	0	140	140
Interest and Rents	1,000	2,934	1,934	0	1,087	1,087
Other Revenues	750	3,970	3,220	0	0	0
Total revenues	341,350	372,102	30,752	51,750	51,927	177
<b>EXPENDITURES</b>						
Legislative	43,212	34,421	8,791	0	0	0
General Government	120,200	116,546	3,654	0	2,967	(2,967)
Public Safety	67,013	63,883	3,130	0	0	0
Public Works	80,125	53,929	26,196	0	0	0
Other Functions	31,800	21,469	10,331	48,750	30,822	17,928
Total expenditures	342,350	290,248	52,102	48,750	33,789	14,961
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,000)	81,854	82,854	3,000	18,138	15,138
<b>FUND BALANCE - April 1, 2003</b>	194,827	194,827	0	123,962	123,962	0
<b>FUND BALANCE - March 31, 2004</b>	<u>\$ 193,827</u>	<u>\$ 276,681</u>	<u>\$ 82,854</u>	<u>\$ 126,962</u>	<u>\$ 142,100</u>	<u>\$ 15,138</u>

The "Notes to Financial Statements" are an integral part of these statements.

***NOTES TO FINANCIAL STATEMENTS***



# Pierson Township – Montcalm County, Michigan

## Notes to Financial Statements

For the Year Ended March 31, 2004

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present Pierson Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

#### Basis of Presentation

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of Pierson Township are recorded in separate funds and account groups categorized as follows:

#### GOVERNMENTAL FUNDS

##### General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for service to provide for the administration and operation of: (1) general Township governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the Township.

##### Special Revenue Funds

These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

#### FIDUCIARY FUNDS

##### Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust funds; (b) Nonexpendable Trust; (c) Pension Trust Fund; and (d) Agency Funds.

#### ACCOUNT GROUPS

##### General Fixed Assets Account Group

This Account Group presents the fixed assets of the Township utilized in its general operations (nonproprietary fixed assets).

Fixed assets used in the general operation of the Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

# Pierson Township – Montcalm County, Michigan

## Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement 3:

Properties are assessed and lienied as of December 31 and their related property taxes are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payment for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

#### Budgetary Data

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the board meeting in March, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. Budget appropriations lapse at year-end except for approved contracts and certain federal grants which are appropriated on a contract (grant) or entitlement-length basis.

#### Total Column on combined Statements – Overview

The total column on the Combined Statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

# Pierson Township – Montcalm County, Michigan

Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

## NOTE B – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### Assets and Liabilities

#### 1. Changes in General Fixed Assets

	Balance 4/1/2003	Additions	Deletions	Balance 3/31/2004
Land	\$ 3,800	\$ 0	\$ 0	\$ 3,800
Land Improvements	9,147	0	0	9,147
Buildings	67,200	0	0	67,200
Equipment	49,877	0	0	49,877
	<u>\$ 130,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 130,024</u>

#### 2. Pension Plan

The Township maintains a pension plan with the Manufacturers Life Insurance Company, which covers all employees. Employees are required to contribute one-quarter of the current service premium, and the Township contributes the remaining three-quarters.

## NOTE C – BALANCE SHEET – CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in one financial institution in the name of Pierson Township. Michigan Compiled Laws, Section 129.91, authorizes Pierson Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution; repurchase agreements consisting bonds, securities and other obligations of the United States or an agency or instrumentality of the United States; bankers' acceptance of United States banks; commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services which mature not more than 270 days after the date of purchase; or Michigan obligations or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan, unless the out-of-state bank has a branch located within Michigan. The Pierson Township deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 Risk disclosure for deposits at year-end are as follows:

<u>Bank Balance</u>	
<u>Deposits</u>	<u>Primary Government</u>
Insured (FDIC)	\$ 102,000
Uninsured	300,049
	<u>\$ 402,049</u>

At year-end, the balance sheet carrying amount of deposits was \$402,049.

**Pierson Township – Montcalm County, Michigan**

**Notes to Financial Statements – Continued**

**For the Year Ended March 31, 2004**

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**NOTE D – RISK FINANCING**

Pierson Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims for these risks have not exceeded insurance coverage for the past two years.

**NOTE E – SUBSEQUENT EVENT – LAWSUIT SETTLEMENT**

On April 3, 2003, Pierson Township settled out of court its litigation with Pierson Sand & Gravel, Inc., Central Sanitary Landfill, Inc., and James L. McCormick. The Township agreed to pay \$35,000 to James L. McCormick in settlement of promises and releases contained in the Settlement Agreement.

**NOTE F – SUBSEQUENT EVENT – NOTE PAYABLE**

In connection with the litigation referred to above in Note E, Pierson Township acknowledges and agrees that it owes \$120,000 to Mika, Meyers, Beckett & Jones, PLC, for services rendered in connection with the litigation in Note E. The Township has agreed to pay this fee off in installments of \$15,000 each, plus interest at 7% per annum commencing August 31, 2003 and continuing on the last day of each October, January, April and August thereafter until April 30, 2004, at which time the entire balance of principal and unpaid interest shall be due. At March 31, 2004, the Township had paid this debt in full.

***COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS***

Pierson Township – Montcalm County, Michigan  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual  
For the Year Ended March 31, 2004  
With Comparative Actual Amounts for March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2003 <u>Actual</u>
<b>REVENUES</b>				
Taxes	\$ 70,300	\$ 71,224	\$ 924	\$ 70,725
Licenses and Permits	11,000	18,478	7,478	22,255
State Grants	182,000	180,730	(1,270)	195,675
Charges for Services	76,300	94,766	18,466	78,833
Interest and Rents	1,000	2,934	1,934	1,658
Other Revenues	750	3,970	3,220	734
Total revenues	341,350	372,102	30,752	369,880
<b>EXPENDITURES</b>				
Legislative				
Township board	43,212	34,421	8,791	33,337
General Government				
Supervisor	14,000	13,824	176	11,903
Elections	1,000	16	984	2,185
Assessor	32,500	33,927	(1,427)	36,010
Clerk	18,500	17,532	968	17,024
Board of review	2,000	788	1,212	1,331
Treasurer	29,000	27,252	1,748	22,345
Township hall	15,200	15,239	(39)	14,287
Cemetery	8,000	7,968	32	5,692
Total general government	120,200	116,546	3,654	110,777
Public Safety				
Fire fighting	43,000	44,165	(1,165)	34,481
Zoning and planning	24,013	19,718	4,295	22,633
Total public safety	67,013	63,883	3,130	57,114
Public Works				
Highways and streets	71,337	46,024	25,313	29,292
Street lighting	1,000	758	242	1,105
Sanitation	7,788	7,147	641	55,725
Total public works	80,125	53,929	26,196	86,122
Other Functions				
Insurance, bonds and fringes	31,800	21,469	10,331	18,688
Total expenditures	342,350	290,248	52,102	306,038

Pierson Township – Montcalm County, Michigan  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Continued  
For the Year Ended March 31, 2004  
With Comparative Actual Amounts for March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2003 <u>Actual</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,000)	81,854	82,854	63,842
FUND BALANCE - April 1	194,827	194,827	0	130,985
FUND BALANCE - March 31	<u>\$ 193,827</u>	<u>\$ 276,681</u>	<u>\$ 82,854</u>	<u>\$ 194,827</u>

Pierson Township – Montcalm County, Michigan  
Special Revenue Funds  
Combining Balance Sheet  
March 31, 2004  
With Comparative Totals at March 31, 2003

		Little Whitefish <u>Lake S/A</u>	Big Whitefish <u>Lake S/A</u>	Totals (Memorandum Only )	
	<u>Cemetery</u>			<u>2004</u>	<u>2003</u>
<b>ASSETS</b>					
Cash in Bank	\$ 15,457	\$ 9,993	\$ 112,829	\$ 138,279	\$ 119,379
Certificates of Deposit	2,000	0	0	2,000	2,000
Due from BWL Fund	0	483	0	483	0
Due from Montcalm County	0	1,500	321	1,821	2,583
Total assets	<u>\$ 17,457</u>	<u>\$ 11,976</u>	<u>\$ 113,150</u>	<u>\$ 142,583</u>	<u>\$ 123,962</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Due to LWL Fund	\$ 0	\$ 0	\$ 483	\$ 483	\$ 0
Fund Balance	17,457	11,976	112,667	142,100	123,962
Total liabilities and fund equity	<u>\$ 17,457</u>	<u>\$ 11,976</u>	<u>\$ 113,150</u>	<u>\$ 142,583</u>	<u>\$ 123,962</u>



Pierson Township – Montcalm County, Michigan  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended March 31, 2004  
With Comparative Totals at March 31, 2003

	<u>Cemetery</u>	Little Whitefish <u>Lake S/A</u>	Big Whitefish <u>Lake S/A</u>	Totals (Memorandum Only)	
				<u>2004</u>	<u>2003</u>
REVENUES					
Taxes (special assessment)	\$ 0	\$ 18,000	\$ 32,700	\$ 50,700	\$ 51,450
Charges for Services	140	0	0	140	370
Interest and Rents	134	18	935	1,087	1,300
Total revenues	274	18,018	33,635	51,927	53,120
EXPENDITURES					
General Government	2,967	0	0	2,967	0
Other functions	0	24,792	6,030	30,822	10,622
Total expenditures	2,967	24,792	6,030	33,789	10,622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,693)	(6,774)	27,605	18,138	42,498
FUND BALANCE - April 1	20,150	18,750	85,062	123,962	81,464
FUND BALANCE - March 31	<u>\$ 17,457</u>	<u>\$ 11,976</u>	<u>\$ 112,667</u>	<u>\$ 142,100</u>	<u>\$ 123,962</u>

***SUPPLEMENTARY FINANCIAL DATA***

Pierson Township – Montcalm County, Michigan

General Fund

Detail Schedule of Actual Expenditures

For the Year Ended March 31, 2004

LEGISLATIVE

Township Board

Salaries and wages	\$ 3,756
Supplies	607
Contracted services	18,188
Education and travel	90
Printing and publishing	3,848
Miscellaneous	6,218
Memberships and dues	1,714
Total legislative	<u>\$ 34,421</u>

GENERAL GOVERNMENT

Supervisor

Salaries and wages	\$ 11,592
Supplies	314
Telephone	24
Education and travel	1,856
Miscellaneous	38
Total supervisor	<u>13,824</u>

Assessor

Salaries and wages	419
Office supplies	3,465
Contracted services	29,367
Education and travel	676
Total assessor	<u>33,927</u>

Elections

Education and travel	16
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Clerk

Salaries and wages	15,612
Office supplies	1,340
Education and travel	530
Miscellaneous	50
Total clerk	<u>17,532</u>

Board of Review

Salaries and wages	705
Miscellaneous	83
Total board of review	<u>788</u>

Treasurer

Salaries and wages	17,844
Office supplies	7,714
Education and travel	1,385
Miscellaneous	309
Total treasurer	<u>27,252</u>

Pierson Township – Montcalm County, Michigan

General Fund

Detail Schedule of Actual Expenditures - Continued

For the Year Ended March 31, 2004

GENERAL GOVERNMENT - Continued

Township Hall	
Operating supplies	7,059
Telephone	3,758
Utilities	2,916
Repairs and maintenance	1,506
Total township hall	<u>15,239</u>

Cemetery	
Salaries and wages	1,200
Operating supplies	708
Contracted services	6,060
Total cemetery	<u>7,968</u>
Total general government	<u>\$ 116,546</u>

PUBLIC SAFETY

Fire Fighting	
Contracted services	\$ 44,165

Zoning and Planning	
Salaries and wages	1,995
Office supplies	143
Contracted services	15,497
Education and travel	68
Printing and publishing	1,964
Miscellaneous	51
Total zoning and planning	<u>19,718</u>
Total public safety	<u>\$ 63,883</u>

PUBLIC WORKS

Highways and Streets	
Per diem	\$ 350
Contracted services	45,674
Total highways and streets	<u>46,024</u>

Street Lighting	
Utilities	758

Sanitation	
Drains - public benefit	359
Legal fees	6,788
Total sanitation	<u>7,147</u>
Total public works	<u>\$ 53,929</u>

OTHER FUNCTIONS

Insurance, Bonds and Fringes	
Unit's share of social security	\$ 13,624
Insurance	6,035
Retirement - local unit's share	1,810
Total other functions	<u>\$ 21,469</u>

Pierson Township – Montcalm County, Michigan  
Current Tax Fund  
Statement of 2003 Tax Levy – Receipts and Disbursements  
For the Year Ended March 31, 2004

	Taxes Levied	Taxes Returned <u>Delinquent</u>	Taxes Collected
Montcalm County	\$ 471,953	\$ 38,024	\$ 433,929
Pierson Township	48,982	5,567	43,415
Tri-County School District - Debt	271,084	23,097	247,987
- Operating	487,877	38,505	449,372
Montcalm Intermediate Schools	199,999	16,114	183,885
Montcalm Community College	230,775	18,594	212,181
State Education	419,821	19,212	400,609
County Drains	17,407	6,179	11,228
Little Whitefish Lake S/A	18,000	1,500	16,500
Big Whitefish Lake S/A	32,700	320	32,380
	<u>\$ 2,198,598</u>	<u>\$ 167,112</u>	<u>\$ 2,031,486</u>

RECEIPTS

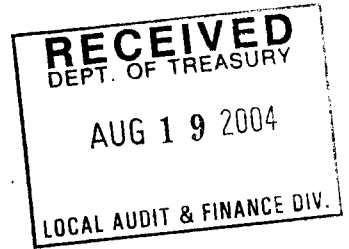
Current Tax Collections	\$ 2,031,486
Collection Fees	21,954
Mobile Home Taxes	1,728
Interest Earned on Deposits	1,492
Total receipts	<u>\$ 2,056,660</u>

DISBURSEMENTS

Montcalm County (includes SET)	\$ 848,037
Pierson Township	62,616
Tri-County School District	697,359
Montcalm Intermediate School	183,885
Montcalm Community College	212,182
Little Whitefish Lake S/A	16,500
Big Whitefish Lake S/A Fund	32,379
Total disbursements	<u>\$ 2,052,958</u>

**TERRY KIRKPATRICK, CPA, P.C.**  
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July 14, 2004

Members of the Township Board  
Pierson Township  
Montcalm County, MI

We recently completed our audit of the general purpose financial statements of Pierson Township for the year ended March 31, 2004. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Township. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

**CLERK'S FINANCIAL RECORDS MUCH IMPROVED**

The Clerk's computerized financial records were much improved over recent years. Her computer records required a lot less adjustments this year. Hopefully this improvement trend will continue.

**FORMS 941 - PAYROLL TAX REPORTS**

It appears that the Clerk has filed all of the current year's Forms 941 on time and paid the tax as well. The Township also paid off what appears to be most of the prior year Form 941 taxes, which had been delinquent, along with significant penalties and interest. Hopefully, the Clerk will submit a letter to the IRS in a plea to get the penalties refunded. The reason for the delinquency was not complete disregard for the taxes, but rather a lack of understanding.

**ESCROW ACCOUNTS**

The Clerk has set up individual files for the various escrow accounts along with a sheet to record all income and expense items. She does need to be very mindful of the various invoices that come in to the Township pertaining to these escrow accounts to make certain that each get charged to the escrow account. Also, the sheet must be up-dated each time a new receipt or invoice is received.

**SPECIAL ASSESSMENT 2002 DELINQUENTS**

When the 2002 delinquent tax check was received from the County, the delinquents for the two special assessments were deposited to the wrong bank account. The Treasurer should issue a check from the BWL Weed Control Fund to the LWL Weed Control Fund in the amount of \$ 482.58.

#### OTHER MATTERS

We have enjoyed working with your staff. Their assistance was instrumental in our timely completion of the audit.

Two copies of the audit report, the auditing procedures report, and this letter should be mailed to the Michigan Department of Treasury, Local Audit Division. A pre-addressed envelope is being provided for your convenience.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

*Levy Kolbert & Co., CPA, P.C.*